



C.L. "BUTCH" OTTER
GOVERNOR

January 7, 2008

Idaho State Legislature
Capitol Annex
PO Box 83720
Boise, Idaho 83720

Dear Legislator:

I am transmitting to you today the *Executive Budget* documents in accordance with 67-3506, *Idaho Code*. My budget proposal includes:

FY 2008 - The FY 2008 General Fund budget recommendation is \$2,830,145,900. The FY 2008 General Fund revenue estimate is \$2,912,190,000, an increase of \$111.4 million from the projection used at the end of the 2007 session

- The Governor is recommending \$21.8 million in deficiency warrant fund transfers and \$20.2 million in General Fund supplementals.
- FY 2008 is currently projected to end the fiscal year with an unspent balance of approximately \$220.7 million that is carried forward into the FY 2009 budget for additional one-time disposition.

FY 2009 - The FY 2009 General Fund budget recommendation is \$3,127,264,300. Revenue includes: \$3,011,900,000 base economic forecast and \$230,573,800 in General Fund carryover from FY 2008. The budget recommendation contains:

- \$23,800,000 to provide an increase in the grocery tax credit for low-income households.
- The Governor is recommending \$3,127.4 million in General Fund expenditures for FY 2009. This includes \$2,930.6 million in ongoing expenditures and \$196.7 million in one-time items. The ongoing portion of the FY 2009 budget represents an increase of approximately 6.3% from the FY 2008 projected expenditure.
- The FY 2009 General Fund budget is structurally balanced.

- The FY 2009 budget includes funding to implement the Governor's Executive Order 2007-21 that requires eligible vehicle purchases in all state agencies to be low-emission and where possible flex-fuel or hybrid.
- The FY 2009 budget includes \$58 million in one-time General Fund monies for the early payoff of bonds drawing from the General Fund. Doing so will save the State multi-millions in what would have been additional interest over the next 15 years.

Change in Employee Compensation (CEC)

In accordance with 67-5309B(d), *Idaho Code*, I am also forwarding my own report for CEC. My recommendation for FY 2009 includes:

- Funding of \$34,159,300 General Fund for a 5% CEC for state employees including judges based upon performance.
- Funding of \$45,038,700 General Fund for a 5% compensation package for Public Schools.
- Guidance to agency directors to manage their Personnel Cost budget to ensure that salary increases are provided in a manner that best meets the needs of their agency within the resources provided to them.

Additional details are provided to all legislative members and the public in my *Executive Budget* and related documents that are available at <http://dfm.idaho.gov/>. Print versions will be provided upon request.

As Always – Idaho, “Esto Perpetua”

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is stylized and cursive.

C.L. “Butch” Otter
Governor of Idaho

CLO/ah